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ACC orders UniSource to ease rates' effect

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PRESCOTT – Natural gas customers, hard-hit this year by higher monthly bills, should see some relief in the next two months, thanks to a Tuesday order by the Arizona Corporation Commission (ACC).

But while the order will lessen the brunt of higher natural gas prices for some UniSource Energy Services customers, it falls short of the measures that two ACC commissioners pushed for.

UniSource, the local natural gas company, estimates that the order will defer about \$300,000 of gas costs for residential customers in Northern Arizona in March and April.

Spread out over the 35,000 customers that the order could affect, that comes an average of about \$8.57 per household for the next two months.

UniSource company spokesman Joe Salkowski emphasized, however, that the figure is just a ballpark estimate, since every household bill will be different, and the amounts will vary by month.

ACC Commissioner Kris Mayes reported Thursday that she and Commissioner William Mundell pushed for a more drastic measure that would have eliminated altogether the April surcharge that UniSource charges its customers to help make up for past hikes in gas costs.

"What Commissioner Mundell and I were looking for was immediate relief for everyone," Mayes said. "We got half a loaf."

On Tuesday, the commission approved an order that will, among other things, lower the threshold for the "circuit-breaker" savings that customers get when they use large amounts of natural gas. Currently, savings kick in when customers use 140 percent or more of the average Northern Arizona gas usage. The commission's order lowered the savings threshold to 125 percent of the average.

In March, for instance, the ACC calculated that the 125-percent circuit-breaker savings will kick in when customers use about 108 therms of natural gas. At that level, customers using 125 therms would see a savings of \$1.96, bringing their bill down from \$143.09 to \$141.13. For customers using 200 therms, the savings would be \$10.63, dropping the monthly bill from \$224.30 to \$213.68.

In April, the 125-percent threshold would start at the 76-therm level. For customers using 100 therms, the savings would be \$2.77, reducing the monthly bill from \$116.02 to \$113.25.

Salkowski explained that the surcharge originated as a way to help make up for the huge jump that natural gas costs took several years ago. "In 2001, gas prices went insane," he said.

While UniSource charges its customers a basic rate for gas, the cost the company faces for natural gas sometimes exceeds that amount. The company then passes on the excess costs through a "purchased gas adjuster" (PGA).

"That is a way of smoothing out the cost," Salkowski said.

But when gas prices increased sharply in 2001, Citizens Utilities, the former owner, was never able to include all of those costs in the PGA, which led to an application to the Corporation Commission for a surcharge to help to make up the difference.

Along with the ACC's adjustment of the circuit-breaker, the surcharge will away after Oct. 31, 2004.

But Salkowski said that does not mean that the company has recovered all of its past deficits. A balance of about \$1 million will still remain, he said.

Because the utility cannot ask for a surcharge until the balance reaches \$4.5 million, Salkowski said UniSource likely will carry that balance and could recover it in the normal course of business.

Therefore, he stresses that the amount customers will save in the next two months is not actually a savings, but a "deferment."

Come November, though, customers will no longer be paying the surcharge, which theoretically could reduce bills, although Salkowski is not making any guarantees.

"I'm wary of promising people lower bills, because we don't know what's going to happen with gas prices," he said.

Because of another action by the ACC, however, higher bills should not broadside customers again, as they did this year. One provision of the ruling says UniSource must conduct a "comprehensive public outreach program in all areas served by UniSource, to discuss gas prices and mitigation opportunities..."

The public outreach must include bill inserts and media advertisements.

The ruling also affects the company's program that helps low-income customers, by removing their surcharge and requiring UniSource to report to the ACC on the status of the program.

Salkowski said UniSource is pleased with the ruling. "We're glad to reach a resolution on this," he said. "We think we could have done a better job of communicating with the customers. We're going to be trying as best we can to let customers know what our prices will be like in the winter."